

SUBCOMMITTEE NO. 4

Agenda

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State Administration—General Government—Judiciary—Transportation

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5525 California Department of Corrections and Rehabilitation

Background. The California Department of Corrections and Rehabilitation (CDCR) is responsible for the incarceration, training, education, and care of adult felons and non-felon narcotic addicts, as well as juvenile offenders. The CDCR also supervises and treats adult and juvenile parolees, and is responsible for the apprehension and re-incarceration of those parolees who commit parole violations. The department also sets minimum standards for the operation of local detention facilities and selection and training of law enforcement personnel, as well as provides grants to local governments for crime prevention programs.

The department operates 33 adult prisons, including 11 reception centers, a central medical facility, a treatment center for narcotic addicts under civil commitment, and a substance abuse facility for incarcerated felons. The CDCR also operates eight juvenile correctional facilities, including three reception centers. In addition, CDCR manages 13 Community Correctional Facilities, 44 adult and juvenile conservation camps, the Richard A. McGee Correctional Training Center, and 202 adult and juvenile parole offices.

In 2005, the CDCR was created pursuant to the Governor's Reorganization Plan 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero). All departments that previously reported to the Youth and Adult Correctional Agency were consolidated into CDCR. The departments consolidated into the current CDCR are: the Youth and Adult Correctional Agency; the California Department of Corrections; the California Youth Authority; the Board of Corrections; the Board of Prison Terms; and the Commission on Correctional Peace Officers' Standards and Training.

2007-08 Governor's Budget Summary

Overall Budget Summary. The Governor's budget proposal includes \$20 billion for CDCR in 2006-07 (See Table 1). This is 104 percent more than estimated expenditure levels in the current year due to the Governor's infrastructure proposal to issue lease-revenue bonds to build more prison beds. General Fund support for CDCR is \$10 billion in the budget year, which is nearly 9 percent (\$808 million), more than estimated for expenditure in the current year (these numbers include funding from Proposition 98). These increases are primarily due to a variety of increases to the department's support budget (\$505 million), including funding to comply with the various court orders and lawsuits, and implementation of Proposition 83 (Jessica's Law) and other recommendations of the High Risk Sex Offender Task Force.

The budget also proposes significant General Fund increases for local assistance (\$121 million) and capital outlay (\$182 million) in the budget year. The increase in funding for local assistance is primarily due to a proposed shift of a portion of juvenile offenders to local detention facilities and a new program to enhance probation services for the 18- to 25-year old population. The increased funding for capital outlay is due to the Governor's proposed infrastructure proposal that includes a sizeable increase in General Fund monies for critical upgrades to water and wastewater infrastructure at existing prisons.

Table 1: CDCR Budget Summary by Type of Expenditure and Fund Source

Summary of Expenditures (dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
State Operations	\$8,834,255	\$9,321,464	\$487,209	5.5
Local Assistance	335,613	455,154	119,541	35.6
Capital Outlay	441,534	10,054,133	9,612,599	2,177.1
General Obligation Debt	197,449	211,781	14,332	7.3
Total	\$9,808,851	\$20,042,532	\$10,233,681	104.3
Funding Source				
<i>General Fund, Non-Proposition 98</i>	<i>\$9,099,428</i>	<i>\$9,891,411</i>	<i>\$791,983</i>	<i>8.7</i>
<i>General Fund, Proposition 98</i>	<i>52,964</i>	<i>54,250</i>	<i>1,286</i>	<i>2.4</i>
<i>GO Bond Debt Service</i>	<i>197,449</i>	<i>211,781</i>	<i>14,332</i>	<i>7.3</i>
<i>less Federal SCAAP Assistance</i>	<i>-114,135</i>	<i>-114,135</i>	<i>0</i>	<i>0.0</i>
General Fund, Total	9,235,706	10,043,307	807,601	8.7
Special Funds	22,142	22,091	-51	-0.2
GO Bond Expenditures	2,885	0	-2,885	-100.0
<i>Budget Total</i>	<i>9,260,733</i>	<i>10,065,398</i>	<i>804,665</i>	<i>8.7</i>
Federal Trust Fund	147,974	143,186	-4,788	-3.2
CA State Lottery Education Fund	277	277	0	0.0
Inmate Welfare Fund	64,380	67,661	3,281	5.1
Special Deposit Fund	1,083	1,018	-65	-6.0
Public Building Construction Fund	244,095	9,677,764	9,433,669	3,864.8
Reimbursements	90,310	87,228	-3,082	-3.4
Total	\$9,808,852	\$20,042,532	\$10,233,680	104.3

Budget Summary by Program

Summary of CDCR Programs. The 2007-08 Budget for CDCR is broken down into 15 program elements. These programs include the following:

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|---|---|
| 1. Administration (Program 10) | 8. Adult Corrections Operations (Program 25) |
| 2. Sentencing Commission (Program 11) | 9. Adult Paroles (Program 30) |
| 3. Corrections Standards Authority (Program 15) | 10. Board of Parole Hearings (Program 35) |
| 4. Juvenile Operations (Program 20) | 11. Community Partnerships (Program 40) |
| 5. Juvenile Education and Programs (Program 21) | 12. Adult Education and Programs (Program 45) |
| 6. Juvenile Paroles (Program 22) | 13. Adult Healthcare (Program 50) |
| 7. Juvenile Healthcare (Program 23) | 14. Unallocated (Program 97) |
| | 15. Capital Outlay (Program 60) |

The contents of these programs have been changing since the reorganization in 2005, making it difficult to do year-to-year comparisons of budget expenditures by program. The 2006-07 Supplemental Report required additional changes to better align budget expenditures to the appropriate programs.

The Supplemental Report of the 2006-07 Budget Act (SRL) directs the department to make several changes to the program elements in the budget. The department indicates that it cannot identify separately some of the expenditures requested in the SRL. Listed below are the changes to the program elements in the budget directed by the SRL and whether or not the changes were made in the 2007-08 budget document:

- **Juvenile Programs.** The SRL directs that funding for juvenile programs, such as substance abuse and sex behavior treatment programs be identified in Juvenile Education and Programs (Program 21). The Governor's budget detail does not identify funding for these programs separately as directed.
- **Juvenile Mental Health Programs.** The SRL required that funding for the Juvenile Mental Health Program be moved from Juvenile Education and Programs (Program 21) to Juvenile Healthcare (Program 23). The Governor's budget does reflect this transfer.
- **Custody Expenditures.** The SRL directs that funding for custody be distinguished from non-custody expenditures within Adult Corrections Operations (Program 25). The Governor's budget detail does not separate custody expenditures from non-custody expenditures as directed.
- **Parole Programs.** The SRL directs that funding for parole programs and services be identified separately from funding for parole sanctions (electronic monitoring) within Adult Paroles (Program 30). The Governor's budget detail does not identify funding for these programs separately as directed.
- **Substance Abuse Programs.** The SRL directs that funding for the Office of Substance Abuse Programs be moved from Adult Operations (Program 25) to Adult Education and Programs (Program 45). The SRL also requires that the department identify in the budget what monies are expended on in-prison care and aftercare. The

Governor's budget does reflect this transfer and also identifies the funding for in-prison care and aftercare.

Funding by Program Area. A summary of funding for CDCR by program for the current year and budget year is show below in Table 2. As mentioned above, there have been some changes in the way the department categorizes budget expenditures, which makes direct comparisons difficult. Specifically, substance abuse programs have been moved from Adult Operations to Adult Education and Programs. This is the main reason for the large growth in the Adult Education and Programs budget and relatively small level of growth in Adult Operations in 2007-08.

Other increases in the budget year are due to various budget proposals, including \$50 million in funding for adult probation in the Corrections Standards Authority program and \$9.5 billion in lease revenue bonds to build prison, local jail, and juvenile beds to augment current capacity.

Table 2: CDCR Budget by Program

Summary of Expenditures				
(dollars in thousands)	2006-07	2007-08	\$ Change	% Change
Type of Expenditure				
Administration	\$268,564	\$287,754	\$19,190	7.1
Adult Operations	5,227,093	5,292,902	65,809	1.3
Adult Education and Programs	285,814	456,876	171,062	59.9
Adult Healthcare	1,615,012	1,787,033	172,021	10.7
Plata Compliance	99,716	150,000	50,284	50.4
Adult Parole	755,593	809,195	53,602	7.1
Board of Parole Hearings	102,567	108,508	5,941	5.8
Juvenile Operations	202,727	207,766	5,039	2.5
Juvenile Education and Programs	168,500	178,148	9,648	5.7
Juvenile Parole	50,207	37,164	-13,043	-26.0
Juvenile Healthcare	109,057	99,571	-9,486	-8.7
Corrections Standards Authority	273,176	350,622	77,446	28.4
Community Partnerships	11,842	10,622	-1,220	-10.3
Sentencing Commission	-	457	-	-
Capital Outlay	441,534	10,054,133	9,612,599	2,177.1
General Obligation Debt	197,449	211,781	14,332	7.3
Total	\$9,808,851	\$20,042,532	\$10,233,681	104.3

Management Issues

Background

Current State of Management in Crisis. The current prison population is at an all-time high and the State's prisons are filled beyond capacity. In three of the class action lawsuits filed against CDCR, motions have been filed to cap the prison population. All three judges plan on holding hearings on a prison population cap in June. These issues and more have resulted in a constant state of crisis management at CDCR.

Crisis management requires the staff at CDCR to respond to the immediate crisis of the day and generally leaves very little time for routine day-to-day management decisions, the implementation of new initiatives, and strategic planning for the future. It seems that this crisis extends far beyond management of the inmate population to include management related to various administrative services, including contracting, billing, accounting, and personnel.

What is Population Management? Population management is a commonly used term for describing management of the prison population. It is also a term that has a wide range of definitions depending on the context in which it is used. Population management can refer to policy changes such as sentencing reform and parole reform that would impact the inmate population. However, it can also refer to the department's day-to-day decisions regarding where to place an inmate within the system to enhance safety and ensure appropriate access to specialized health care services and programming opportunities. The latter is the type of population management that we will focus on in this agenda and hearing.

Identified Management Issues

Upper Management Team Fluid. The upper management team at CDCR has been very fluid, of the 20 appointees subject to Senate confirmation a large portion of them have been appointed within the last 12 months and several in the last few months. Some of these positions have turned over multiple times since the reorganization. In addition, a few upper management positions are vacant (most recently both health care appointees stepped down). This has contributed greatly to the instability of the management of the organization. (See Attachment A for the current organizational chart.)

Reorganization Confused Matters. As mentioned above, in 2005, several different corrections agencies were reorganized into one mega correctional department, the CDCR. This reorganization vastly changed the management structure of the department. Unfortunately, as in any reorganization, the large number of changes has resulted in some confusion about what roles different levels of management play in the routine day-to-day management of the prisons, in the implementation of new programs, and in strategic planning for the future. The lack of clear management roles and responsibilities has also created an environment of confusion for the staff of the department.

One of the outcomes of the reorganization was to create positions that were directly responsible for specific areas of departmental operations. The reorganization created three new Chief Deputy Secretaries, one for Adult Operations, one for Adult Programs and one for Juvenile

Justice. All three of these Deputy Secretaries report directly to the Secretary and Undersecretary of CDCR. This structure was designed to increase the presence and accountability for inmate programs.

Unfortunately, there is some evidence that this new structure has not solved the problem of coordinating custody and program. For example, a decision was made this past fall to change the mission of a housing unit. This mission change displaced an established substance abuse program. In the end the department was able to find another location for the substance abuse program, but in the mean time there was a tremendous amount of anxiety and confusion in the field because the transfer and the impacts of the transfer had not been worked out at headquarters.

Furthermore, the reorganization has not helped in clarifying the role of the Wardens in coordinating custody with delivery of health care services and programming. Under the new organization the Wardens report to five mission-based Associate Directors that are organized to manage the issues and operations of specific types of institutions. For example, an Associate Director of Reception Center Institutions and an Associate Director of Female Institutions was created. The reorganization was designed to help focus on problems and issues that are common to like-institutions and has resulted in some efficiencies especially with regards to the women's institutions. However, it did not clarify the Warden's role in ensuring the delivery of health care services and programming. The reorganization actually may have further confused the role of the Wardens with respect to implementing programming by requiring that the Superintendents report directly to the Deputy Secretary for Programs in Headquarters.

Court Cases Have Complicated Operations. The CDCR has settled at least eight major class action lawsuits in the federal courts over the past decade. The CDCR is currently engaged in efforts to implement remedial actions to comply with the following major class action lawsuits:

- *Plata* – Medical Health Care
- *Coleman* – Mental Health Care
- *Perez* – Dental Health Care
- *Armstrong* – Americans with Disabilities Act
- *Rutherford/Lugo* – Parole Consideration Hearings for Lifer Inmates
- *Madrid* – Conditions of Confinement at Pelican Bay State Prison
- *Valdivia* – Parole Revocation Hearings
- *Farrell* – Operations of Department of Juvenile Justice Facilities

Implementing new practices and organizational change in an effort to comply with each of these lawsuits has taken a tremendous amount of staff effort. Many of the courts have appointed Special Masters to monitor CDCR's compliance with various court orders. Furthermore, in the *Plata* lawsuit the court has appointed a Receiver that has direct executive authority over medical care in CDCR. Working with the Special Masters and Receiver take a significant amount of staff and management time, which has a direct impact on day-to-day operations.

The courts, in some cases, have ordered immediate interim changes to CDCR's operations but also continue to work on longer-term plans for improving CDCR operations. This has resulted in a significant increase in workload for current management as they work to respond quickly to the immediate interim changes ordered and provide continued involvement and input into the longer-term planning process. The longer-term planning process has accelerated considerably in the past year with the appointment of the Receiver.

There is also a significant amount of uncertainty in these processes with the courts, which has resulted in paralysis of other management processes. For example, the Right Prison Right Mission effort has been stalled as the department awaits more details on plans by the Receiver and Special Masters to designate certain institutions as magnets for medical and mental health services. The Right Prison Right Mission effort was an attempt to determine what population was best suited to each institution based on location, physical plant, and other factors and then to realign the missions of the institutions and inmate populations accordingly. This effort has also been stalled by the overcrowding conditions and the lack of "swing space" that is necessary when changing the mission of housing units and moving inmates. The Right Prison Right Mission effort could help to improve safety in the institutions by matching up existing housing with the appropriate inmate populations.

Inadequate Information Technology Systems Hinders Management Efficiency. Currently, most of the department's information technology systems are past their useful life (many were designed and implemented in the 1970s) and do not adequately support management in its decisions. For example, as the inmate population has grown, it has become more complex and now management staff must review various case factors (commitment offense, gang affiliation, mental health needs, and others) before transferring inmates from a reception center to a more permanent housing placement. The current information technology systems cannot support these complex placement decisions, which require management staff to manually "call around" to find available compatible beds for some inmates.

Furthermore, many of the department's functions that require scheduling, such as inmate transport, medical appointments, and others are not automated and reduce management efficiency. The department is currently working on implementing new systems that will better support management decisions, but it will still be several years until these systems are implemented under the current planning horizon. The Receiver is also working on information technology systems that will meet the needs of the medical programs and appears to be pursuing changes to the system sooner than the department's current planning horizon.

Salary Compaction. Another issue that is impacting the department's ability to recruit and retain managers is the issue of salary compaction. Salary compaction occurs when "line staff" earn a higher salary than management staff because of bargained salary increases and the ability to earn over-time pay. The CDCR organization suffers from salary compaction in its management structure. This is not a problem unique to CDCR, but it does complicate the department's ability to promote and retain managers.

Staff Findings

Management Pivotal to Implementing Organizational Change. Staff finds that a strong management structure is needed to implement new practices and affect organizational change. This includes not only strong leadership, but also enough management and staff to handle the workload. As noted above, the current management structure has been stressed by the overcrowded conditions in the state prisons and the various other factors that have resulted in the current environment of crisis management at CDCR. Crisis management generally does not leave management with enough hours in the day to implement new practices and organizational change, whether it is directed by the federal courts or the Legislature.

Clear Lines of Accountability and Standardized Processes Could Help. Staff finds that clear lines of accountability and instituting standardized processes could help the department to spend less time responding to crises and more time implementing organizational change. Staff finds that there are many efforts to implement new practices and organizational changes that are impacting the entire organization. Given this, it may make sense to designate teams of people that are responsible for implementing specific efforts. These teams should represent different missions of the organization (health care, custody, programs) and should have a standardized process of communicating proposed actions to management and staff that will implement the action. The department should also standardize the line of communication with the Receiver and the other Special Masters to ensure coordination.

Furthermore, the current population management process, whereby inmates are moved about and the mission of housing units is changed, must have more formal input from other parts of the organization, including health care and programs. Staff understands that the overcrowded conditions have resulted in a more urgent need to make decisions about population movements. However, processes must be put in place to make these decisions more collaborative in order to avoid inadvertently thwarting efforts to improve health care and programs.

Communication and Information is Key to Management. Staff finds that the department started a quarterly process called COMPSTAT that requires all of the divisions within the institution to compile various statistics quarterly and present to a management meeting. The purpose of these meetings is to identify problems and ensure that strategies are being pursued to solve these problems. The department admits that the COMPSTAT process has been a work in progress. Prior to instituting this process many divisions did not collect or track data that is critical to evaluating outcomes. The types of information requested in the COMPSTAT process are critical to successful and informed management decisions.

As part of the 2006-07 Budget Act, the Legislature requested that numerous performance metrics be included in the Governor's budget and in a separate supplemental report to the Legislature. These metrics, for the most part, are the same as what is reported in the COMPSTAT process and were designed to help improve the transparency and oversight of the department's operations and budget. The department has provided the first round of data with the budget. However, some of the data is incomplete and difficult to interpret.

More needs to be done to institute routine data collection and evaluation efforts throughout the department to provide more information to management and the Legislature. Information is

critical to management decisions within the department and to the transparency of operations within CDCR.

Construction of New Beds is Not a Substitute for Population Management. Adding additional beds to the prison system is not a substitute for population management. As mentioned above, population management as it relates to the department's day-to-day decisions regarding where to place an inmate within the system to enhance safety and ensure appropriate access to specialized health care services and programming opportunities is critical. These efforts are central to the department's efforts to deliver programming and recidivism reduction strategies to the majority of inmates that will be paroled and return to their communities. As has been mentioned before, management, including population management efforts are currently in crisis management mode and do not allow for strategic planning to determine a strategy for housing the population in the most appropriate manner.

The CDCR has a varied inventory of institutions in different geographic locations around the state. All of these institutions have different strengths and weaknesses that make them more or less suited for housing different inmate populations. However, the department is currently not able to engage in this sort of analysis and management because of its need to just find open beds. Staff finds that the department needs to find a way to stabilize the current crisis management mode and work on population management with an emphasis on improving safety for staff and inmates and improving access to appropriate health care and programming.

Staff Recommendation

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Request that the department develop and report to the Subcommittee before May Revision on strategies for increasing the level of coordination between custody, health care, and programs.
- Request that the department continue to work with staff, DOF, and LAO to refine the performance metrics included in the Governor's budget and Supplemental Report and coordinate this effort with the COMPSTAT process.
- Request that the department develop and report to the Subcommittee before May Revision on strategies to improve population management efforts, including the Right Prison Right Mission effort.
- Request that the department report to the Subcommittee before May Revision on modules of the SOMS system that could be fast tracked to help improve efficiency of operations.

Support Services Issues

Background

Division of Support Services. The Division of Support Services is responsible for all contracting, accounting, human resources, and budget functions for the department. This division performs functions that are critical to every part of the department's operations. Unfortunately, this division has faced a significant number of challenges that has weakened its ability to perform its functions effectively and efficiently. This has impacted the department's operations at every level, including the department's abilities to fill vacancies and process contracts. The Division of Support Services is also dealing with a large number of staff vacancies that have made managing the expenditure of a nearly \$10 billion-dollar budget difficult.

Identified Support Services Issues

Human Resources Issues. The CDCR has long standing problems in recruiting and retaining staff across all classifications. In 2005-06, the state spent over \$500 million on overtime even though it only budgeted around \$73 million. These overtime figures are being driven by the high number of vacancies in the department across classifications. In a recent vacancy report from the State Controller, over 1,200 positions were eliminated because they were vacant for more than six months. The sheer size of CDCR (the department currently has nearly 64,000 authorized positions) makes managing human resources issues a challenge. These issues are also complicated by the remote location of some of the department's institutions.

While recruitment and retention issues are pervasive throughout the department, the following groups of classifications are particularly notable given their direct impacts on CDCR operations:

- **Custody Classifications.** In general vacancies for custody classifications are between 7 percent and 15 percent for adult institutions depending on the institution. Vacancies in custody classifications result in some officers working two consecutive shifts and many days in a row without a day off. This is not an ideal environment for staff safety and retention of staff. Furthermore, vacancies in custody classifications impact health care and programming because custody staff are needed to ensure inmate movement is safely achieved.
- **Health Care Classifications.** In general, vacancies for health care classifications vary greatly depending on the classification and the location of the institution, but have been as high as 75 percent at some institutions. Vacancy rates are especially high for mental health clinicians, as there is a shortage statewide of these professionals. The federal courts have ordered several pay increases over the past 12 months in the *Plata*, *Coleman*, and *Perez* lawsuits in an attempt to reduce the number of vacancies in health care staffing and reduce the utilization of registry staff (contract employees). However, these pay increases have been implemented only recently and it is unclear what impacts they have had on recruitment and retention. (Initial reports indicate that many staff may be leaving other state and local agencies because of the pay raises causing vacancy problems in other state departments and local agencies.) It is impossible for the department to implement reforms directed by the courts without adequate health care staffing.

- **Education Classifications.** In general, vacancies for education classifications are high at all adult institutions and are as high as 50 percent at some institutions. Nearly 400 of the 1,200 positions eliminated because they were vacant for more than six months were adult basic education and vocational teachers. Without adequate numbers of teachers it is difficult for the department to provide basic rehabilitative programming.
- **Support Classifications.** Support classifications include both staff in headquarters and at the institutions that support the day-to-day business operations of the department. In general, vacancies for support classifications varies widely depending on the location and classification. However, the Office of Business Services in CDCR headquarters has recently had vacancy rates of about 25 percent. These vacancies are having a real impact on the department's ability to implement organizational change and new programs. Furthermore, these vacancies also result in increasing the length of time it takes the department to pay vendors providing services to CDCR.

Procurement and Contracts Issues. As mentioned above, the department currently is in the midst of implementing significant organizational change directed by the federal courts and the Legislature. This has increased the volume of work that needs to be processed by the procurement and contracts offices. In the 2006-07 Budget Act, the Legislature approved \$52.8 million from the General Fund to enhance rehabilitative programming. Staff learned earlier this year that implementation of a large portion of these rehabilitative programming initiatives were delayed because they were "stuck" in the contracts office.

Furthermore, staff finds that about three months ago the Receiver in the *Plata* lawsuit physically moved around 30 staff from the department's contracts office to work exclusively on medical contracts. This group of staff is now being managed directly by the Receiver's office. This has caused additional stress on CDCR's contracts office.

Accounting Issues. The Accounting Office is responsible for paying contractors and other bills that the department receives. The federal court in the *Plata* case found that the department was months behind in paying its outside medical providers (hospitals, specialists, etc.). The court ordered CDCR to pay millions in medical bills immediately. Staff finds that some medical bills were paid, but that the Accounting Division is still having a difficult time achieving a timely payment schedule given the volume of bills it receives.

Staff Findings

Focused Effort on Personnel Recruitment Critical. Staff finds that vacancies throughout the department are contributing to the crisis environment at the department. It is critical for safety in the institutions that there are an adequate number of correctional officers. Furthermore, it will be impossible for the department to comply with the various health care lawsuits without adequate and qualified staff. Rehabilitative programming staff is also critical to the department's efforts to reduce recidivism and improve the environments within the institutions.

In the 2006-07 Budget Act, budget bill language (Provision 16) was added by the Legislature to request that the department prepare a report on its efforts to reduce the hiring time for entry level correctional officers. The department has not submitted this report to the Legislature. Staff finds

that it is critical that the department look at all options for improving the recruitment of correctional officers.

The Legislature also requested, in the 2006-07 Supplemental Report, that the department prepare a report on establishing a new Custody Assistant classification. The LAO has found that there are many functions at the prisons that do not entail direct contact with inmates. The LAO found that these functions could be handled by a Custody Assistant classification and would reduce costs to the department and make better use of Correctional Officer positions given the large number of vacancies. The department has not submitted this report to the Legislature.

Furthermore, the Receiver recently eliminated the Medical Technical Assistant (MTA) classification, which was a hybrid custody and health care position. The department should ensure that these persons are re-trained, if necessary, and hired as either correctional officers or nurses to fill the large number of vacancies that the department currently has in both of these classifications.

Support Services are Central to All Department Functions. As mentioned above, there are many factors contributing to the crisis environment at the department. Staff finds that the department will not be able to stabilize the current environment without a well functioning Division of Support Services. Improving the efficiency of the Division of Support Services will help the entire department with lawsuit compliance and the implementation of Legislative directed efforts.

Staff Recommendation

Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Request that the department submit the required report on its efforts to reduce the hiring time for an entry level correctional officer.
- Request that the department submit the required report on establishing a custody assistant classification.
- Request that the department identify and report to the Subcommittee before May Revision barriers to filling the vacancies in the department's Support Services Division.
- Request that staff, the department, DOF and LAO develop a plan for coordinating with DGS to remove barriers to improving the contracting and accounting processes at CDCR.
- Request that staff, the department, DOF and LAO develop a plan for coordinating with Department of Personnel Administration and State Personnel Board to work on removing barriers to filling vacancies for all classifications at CDCR, including pursuing a workforce investment team that would focus Employment Development Department resources and other state training resources towards addressing the vacancies at the CDCR.
- Request that the department prepare a list and report to the Subcommittee before May Revision on the classifications impacted by compaction.

Population Estimate

Background

Terminology Overview. The population estimate is what drives the majority of the funding allocated in the budget to support CDCR. The **population estimate** is the estimate of funding needed to support department operations based on the population projections. The **population projections** are the department's projections of what the inmate and parole populations will be based on various factors such as actual population, law changes, and other factors impacting population.

Current Population Estimate Process. The population estimate is prepared twice a year and adjustments are made to the budget year and current year estimates when the Governor's budget is released in January and at the time of the May Revision. The population projection drives the Institution Activation Schedule, which is a projection of what housing units will be activated to address the increased population. (However, the link between the population projections and the Institution Activation Schedule has not been made clear to staff.) The juvenile ward and parole populations are also estimated twice a year.

The population estimate is presented to the Legislature in two large binders that includes a detailed summary of the population projections as well as the Institution Activation Schedule. The binders also include numerous adjustments to the population estimate to provide additional staffing for the mentally ill inmate population, the administrative segregation population, and numerous other adjustments. The adjustments in the January 2007 population estimate include the following:

- Administrative Segregation Unit Capacity
- Mental Health Crisis Beds at the California Institute for Men (CIM)
- Mental Health Crisis Beds at the California Men's Colony (CMC)
- Mental Health Crisis Beds at the California Institute for Women (CIW)
- Funding for Modular Buildings at CIW
- New Special Needs Yard at Chuckawalla Valley State Prison (CVSP)
- Drug Treatment Furlough
- Female Community Beds
- Health Records Technicians
- Mental Health Crisis Beds at Kern Valley State Prison (KVSP)
- Legal Representation for Parole Revocation Hearings
- Medical Guarding
- Out of State Beds
- SB 519 Family Foundation Program for Female Offenders
- *Valdivia* Case Records Staff
- Various Technical Adjustments
- Prevalence of Mentally Ill Inmates
- Unallocated Other
- Unallocated Ratio
- Unallocated Special
- Parole Operations
- Community Correctional Facilities
- Juvenile Justice Education
- Juvenile Justice Paroles
- Juvenile Justice Reimbursements
- Juvenile Justice Revenue
- Juvenile Justice Technical Adjustments

- Juvenile Justice Mental Health Adjustments
- Juvenile Justice Safety and Welfare Adjustment

The department indicates that it uses a basic ratio to adjust the number of positions to add to its base budget, based on population projections. The department budgets one staff position for every 5.6 inmates. These staffs are then allocated 94 percent to the Adult Institutions Program (Program 25) and 6 percent to Adult Health Care (Program 50). The current budget process does not specify the specific staff classification, but instead leaves this decision up to the institution. The various other adjustments listed above also make adjustments to the budgeted staffing package by applying various other staff to inmate ratios. (Staff has requested a more detailed description of each of the adjustments listed above, but has not received this information.)

Current Year Adult Population Estimate. The January 2007 population estimate finds that the adult institution and parole populations are slightly higher in the current year than estimated in the 2006-07 Budget Act. The administration indicates that this will result in the need for an additional \$9.7 million General Fund in the current year. The majority of this is to fund the out-of-state transfer program initiated by CDCR in the current year. So far, CDCR has transferred 359 inmates out of state.

2007-08 Adult Population Estimate. The Governor proposes \$58.8 million General Fund to fund growth in the adult inmate and parolee population for 2007-08. The 2007-08 average daily adult inmate population is estimated to be 177,577 and the average daily adult parolee population is anticipated to be 122,148. These populations are 2.4 percent and 2.5 percent higher, respectively, than the estimates for the current year. A large portion of the increase is due to the out-of-state transfer program.

Most Recent Update on Actual Population. As of the end of February, actual adult institution population was slightly lower (1,700 inmates) than the estimates made in the January budget. However, at the same time the actual parole population is significantly higher (4,300 parolees) than the estimates made in the January budget.

Current Year Juvenile Population Estimate. The January 2007 population estimate finds that the juvenile ward and parole populations are slightly less in the current year than estimated in the 2006-07 Budget Act. Furthermore, the department has also experienced delays in implementing smaller living units and staffing ratios required by the *Farrell* lawsuit. The administration indicates that this will result in \$12.4 million in General Fund savings in the current year.

2007-08 Juvenile Population Estimates. Population estimates of juvenile offenders and parolees are projected to decrease in the budget year. However, there is an overall increase in funding of \$5.8 million General Fund proposed for the budget year so that the department can continue to implement smaller living units and staffing ratios to comply with the *Farrell v. Tilton* lawsuit. The 2007-08 year-end juvenile offender population is estimated to be 2,490 and the year-end juvenile parolee population is estimated to be 2,405. These populations are 5 percent and 13 percent lower, respectively, than the estimates for the current year. The population estimates for 2007-08 do not reflect the policy decision proposed by the Administration to limit

the admissions to the Division of Juvenile Justice (DJJ) to youth that have committed a Penal Code 707(b) offense (mainly serious and violent crimes).

Identified Issues with Current Population Estimate Process

Population Estimate is Not Transparent. The current population estimate is fraught with problems and is not transparent. First, it is difficult to determine what is driving the population estimate from the materials provided to the Legislature. Staff did not receive information on the staffing ratios used until after a meeting where they were requested. Furthermore, it is unclear what the numerous adjustments to the population estimate (listed above) are or how much they cost. Without this information, it is impossible to determine whether the adjustments are justified.

Furthermore, very little information is provided that indicates what is driving any changes in the population projections. For example, is there a projected increase in crime, a downturn in the economy, or a policy change that would impact the prison population? Furthermore, staff finds that a recent audit by the State Auditor found that CDCR's population projections had limited usefulness for longer-range planning. The audit also found that the department tends to overestimate its future population estimates. Furthermore, the Independent Review Panel, chaired by former Governor Deukmejian, recommended that the department develop an interagency agreement with a state university to undertake the responsibility for population projections. Staff finds it generally very difficult to follow the analytical work done by the department in preparing the population estimate.

Loose Guidelines for Including Adjustments in Population Estimate. Changes to the CDCR budget are provided for in the population estimate as well as the traditional budget change proposal. However, staff finds that there is no clear policy for what is included in the population estimate versus what is considered a budget change proposal. This inhibits budget transparency since there is considerably less detail provided to the Legislature for items that are included as an adjustment to the population estimate. Staff finds several policy proposals in the January 2007 population estimate, including the proposal to transfer over 2,000 inmates to correctional facilities out of state.

Population Estimate Does Not Reflect Reality. Staff finds that the current population estimate process does not reflect what is actually happening in the institutions. The department indicates that about 2 percent of the Institution Activation Schedule prepared for the population estimate is actually implemented. Furthermore, there does not seem to be any justification, except for historical convention, for the baseline staffing ratio (1 staff : 5.6 inmates). This ratio does not tie to any workload study or evaluation of actual needs of the institutions. The Independent Review Panel recommended that a project be undertaken to determine the appropriate level of staff required for the operation of each type of institution.

Staff also finds that because the department is funded at the same rate regardless of what positions it needs it inherently does not budget the right amount of money. Therefore, after the budget is passed the institutions have to adjust the positions they need to fit into the allocation they are provided regardless of what they actually need. Furthermore, this process currently does not provide Legislative oversight of department staffing.

Overtime Budgeting Does Not Reflect Reality. Staff finds that over the last several years the department's overtime costs have been around \$500 million. However, the department has budgeted only \$73 million for overtime costs. The difference is usually made up by using salary savings from positions that are vacant during the year. This may lead to perverse incentives for holding positions vacant, which is problematic given the problems (cited above) of the high level of vacancies at all levels of the department.

Staff Recommendation

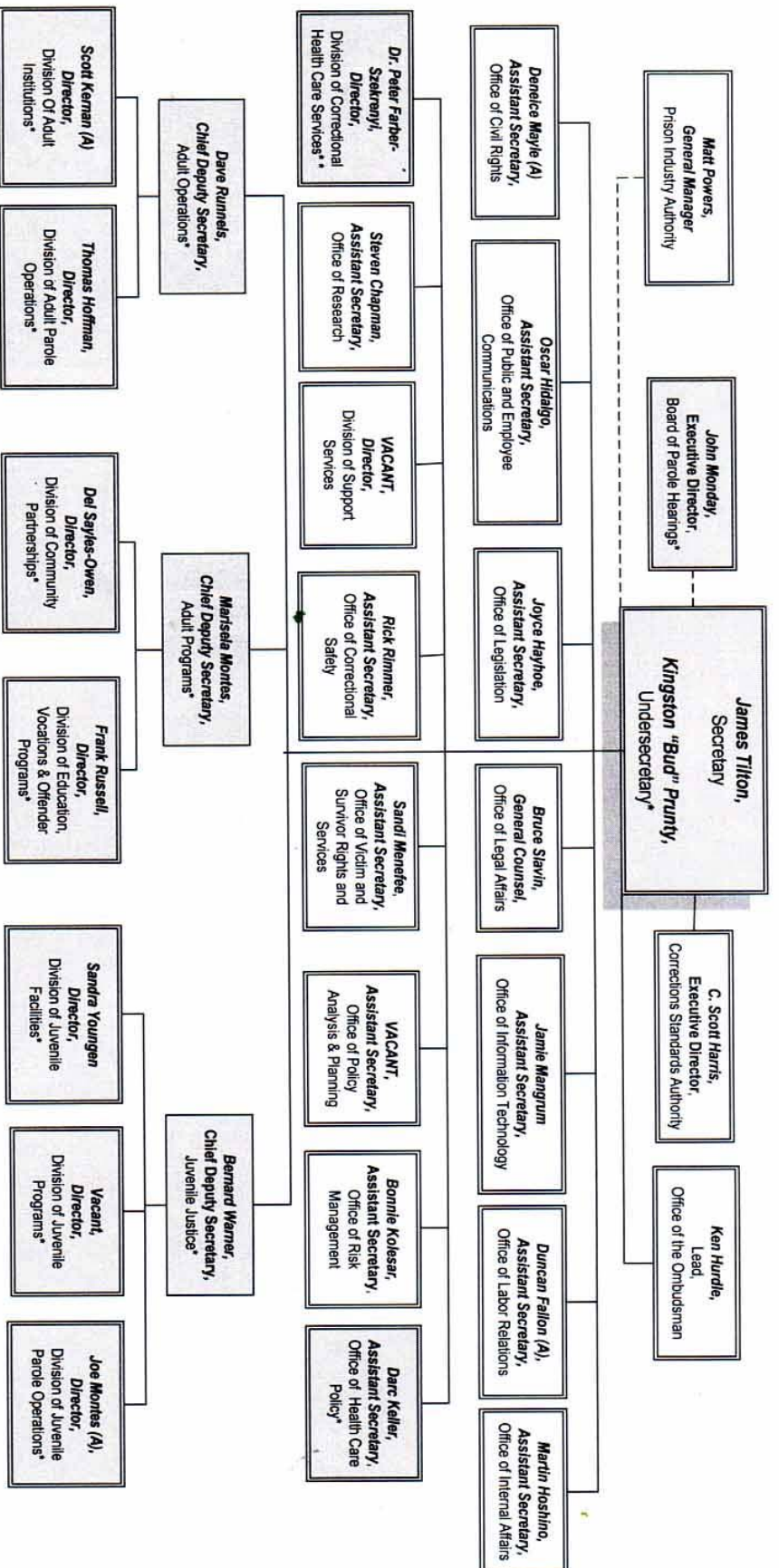
Staff Recommendation. Staff recommends that the Subcommittee take the following actions:

- Request that the department work with staff, DOF, and LAO to develop a plan for improving the transparency of the population projections, including considering contracting with a university to develop population projections for the department.
- Request that the department work with staff, DOF, and LAO to develop a project to determine appropriate standard staffing required for the operation of each type of institution, including management, custody, health care, programs, and other support services.
- Request that the department work with staff, DOF, and LAO to develop a statutory framework for the preparation of the department's population estimate.
- Request that the department work with staff, DOF, and LAO to develop a new format for communicating the population estimate to the Legislature.
- Request that the department work with staff, DOF, and LAO to determine a more transparent way of budgeting for overtime expenditures.

Attachment A – Organizational Chart

CALIFORNIA DEPARTMENT OF CORRECTIONS AND REHABILITATION

Revised December 1, 2006



* Indicates positions subject to Senate confirmation

**The structure of the Division of Health Care Services is pending approval. This position is subject to Senate confirmation.